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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

COUNTRY Indochina (Vietnam)
 SUBJECT Chinese Control of Rice Market

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1. The Chinese monopoly of economic activity in Vietnam is a matter of concern to the Vietnamese. It is apparent that as Vietnam gains greater independence, treatment of the Chinese is becoming more harsh. For example, in the past year they have been enforcing the "head tax on Chinese."
2. The Chinese have had control of the rice market in Vietnam for a long time. Chinese money lenders charge Vietnamese growers 10 percent per year and payment is required in rice at the time of the harvest, when the price of rice is low. The money lenders then hold the crop for sale at higher prices.
3. Efforts are now being made by the government to break up this practice. Within the past two years, two government-financed rice cooperatives have been set up to lend money at low interest rates, help with planting and harvesting, and handle marketing. These two pilot projects have proven popular, and additional, much-needed cooperatives are planned. However, I am sure that progress will be very slow. There is so much corruption in government that it is almost impossible to get anything done. Government officials, in general, are low calibre. A few better educated, more intelligent individuals run the show, but unfortunately, I have found it almost axiomatic that the higher the level of education, the greater the degree of dishonesty.

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